

HURON INTERMEDIATE SCHOOL DISTRICT

Bad Axe, Michigan

Report on Financial Statements

June 30, 2006

	<u>PAGE NUMBER</u>
INDEPENDENT AUDITORS' REPORT	
MANAGEMENT'S DISCUSSION AND ANALYSIS	<i>i - vii</i>
BASIC FINANCIAL STATEMENTS	
<i>Government-Wide Financial Statements</i>	
<i>Statement of Net Assets</i>	1
<i>Statement of Activities</i>	2
<i>Fund Financial Statements</i>	
<i>Balance Sheet - Governmental Funds</i>	3 & 4
<i>Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets</i>	5
<i>Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance</i>	6 & 7
<i>Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities</i>	8
<i>Fiduciary Funds</i>	
<i>Statement of Fiduciary Net Assets</i>	9
<i>Notes to the Financial Statements</i>	10 - 22
REQUIRED SUPPLEMENTARY INFORMATION	
<i>Budgetary Comparison Schedule - General Fund</i>	23
<i>Budgetary Comparison Schedule - Special Education Fund</i>	24
<i>Budgetary Comparison Schedule - Career Technical Education Fund</i>	25
ADDITIONAL INFORMATION	
<i>Nonmajor Governmental Fund Types:</i>	
<i>Balance Sheet</i>	26
<i>Statement of Revenues, Expenditures and Changes in Fund Balance</i>	27
General Fund:	
<i>Schedule of General Fund Revenue</i>	28
<i>Schedule of General Fund Expenditures</i>	29 - 32
Special Revenue Funds:	
<i>Schedule of Special Education Fund Revenue</i>	33
<i>Schedule of Special Education Expenditures</i>	34 - 40
<i>Schedule of Vocational Education Fund Revenue</i>	41
<i>Schedule of Vocational Education Fund Expenditures</i>	42 - 47
<i>Schedule of Adult Education Fund Revenue</i>	48
<i>Schedule of Adult Education Fund Expenditures</i>	49 - 52
<i>Huron Technology Student Activity Fund Schedule of Receipts and Disbursements and Changes in Liabilities</i>	53
<i>Schedule of Bonded Debt - Durant</i>	54

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA

September 8, 2006

Robert L. Tuckey, CPA
Valerie Jamieson Hartel, CPA
Jamie L. Peasley, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Education
Huron Intermediate School District
Bad Axe, Michigan 48413

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Huron Intermediate School District, as of and for the year ended June 30, 2006, which collectively comprise the basic financial statements of the District's primary government as listed in the table of contents. These financial statements are the responsibility of Huron Intermediate School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Huron Intermediate School District as of June 30, 2006 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 8, 2006 on our consideration of Huron Intermediate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages i through vii and pages 23 through 25, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Education
Huron Intermediate School District
September 8, 2006

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Huron Intermediate School District' basic financial statements. The combining and individual nonmajor fund financial statements and supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

**HURON INTERMEDIATE SCHOOL DISTRICT
BAD AXE, MICHIGAN
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Huron Intermediate School District, located in Bad Axe, Michigan is one of 57 Intermediate School Districts in the State of Michigan and serves the 15 local public school districts and five non-public schools in Huron County. Huron ISD has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34) and is in its third year of reporting.

Generally accepted accounting principles (GAAP), according to GASB 34, require the reporting of two types of financial statements: fund financial statements and government-wide financial statements.

FINANCIAL HIGHLIGHTS

The overall condition of all funds, governmental activities and business-type activities, remains stable for Huron ISD. Financial goals have been met with consideration to the state's current economy with reductions in categorical state grant funds. Resources are available for the 2006-2007 fiscal year with revenue and expenditure patterns being maintained.

The assets of Huron Intermediate School District exceeded its liabilities at the close of fiscal year 2006 by \$9,421,836 (net assets). Of this amount, \$6,063,141 (unrestricted net assets) may be used to meet the District's ongoing obligations to students, taxpayers, and creditors.

The Districts total net assets increased by \$1,215,311.

As of the close of the current fiscal year, the district's governmental funds reported combined ending fund balances of \$6,456,682 an increase of \$1,384,386 in comparison with the prior year.

At the end of the current fiscal year, the aggregated fund balance for the District's operating funds (general fund, special education fund, and career and technical education fund) was \$6,286,351 or 67.13% of the total expenditures of these operating funds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction of the district's basic financial statements. The district's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the district's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the district's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The *statement of activities* presents information showing how the district's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

Both of the government-wide financial statements display functions of the district that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the district include instruction, support services, and transfers to locals and other services. The district has no business-type activities as of and for the year ended June 30, 2006.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The district, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the district fall within the governmental fund type category.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spend-able resources, as well as on balances of spend-able resources available at the end of the fiscal year. Such information may be useful in evaluating the district's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the district's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The district maintains seven different government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special education fund, and career and technical education fund, each of which are considered to be a major fund. Data from the other four government funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The district adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The governmental fund financial statements can be found on pages 3-4 and 6-7 of this report, with reconciliations between the two types of statements on pages 5 and 8.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10-22 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary information for the district's major funds. Required supplementary information can be found on pages 23-25 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the supplementary information. Combining fund statements can be found on pages 26-27 of this report.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplementary Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the financial section.

Government-wide Financial Analysis

The school district's net assets were \$9,421,836 at June 30, 2006. Of this amount, \$6,063,141 was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the school district's ability to use those net assets for day-to-day operations.

As required by the Government Accounting Standards Board Statement No. 34, which requires this new reporting model, the following tables present a comparative analysis of government-wide data for the fiscal years ended June 30, 2006 and 2005, respectively.

District's Net Assets

	<u>2006</u>	<u>2005</u>
Current assets	\$ 7,661,491	\$ 6,798,487
Non-current assets	\$ 3,709,524	\$ 3,904,652
Total Assets	\$ 11,371,015	\$ 10,703,139
Current liabilities	\$ 1,249,146	\$ 1,767,125
Non-current liabilities	\$ 700,033	\$ 729,489
Total Liabilities	\$ 1,949,179	\$ 2,496,614
Net Assets:		
Invested in capital assets, net of related debt	\$ 3,358,695	\$ 3,525,064
Unrestricted	\$ 6,063,141	\$ 4,681,461
Total Net Assets	\$ 9,421,836	\$ 8,206,525

At the end of the current fiscal year, the District was able to report positive balances in all three categories of net assets, both for the District as a whole, as well as for its separate governmental-type activities.

District's Changes in Net Assets

	Governmental Activities	
REVENUE:	<u>2006</u>	<u>2005</u>
Program Revenue:		
Charges for services	\$ 295,976	\$ 197,402
Operating grants	\$ 2,555,850	\$ 1,838,037
General Revenue:		
Property taxes, levied for general purposes	\$ 6,746,977	\$ 6,360,399
Investment earnings	\$ 232,158	\$ 108,043
State sources	\$ 2,425,467	\$ 2,251,953
Other	\$ 901,037	\$ 833,189
Total Revenue	\$ 13,157,465	\$ 11,589,023
EXPENSES		
Instruction	\$ 4,418,949	\$ 4,264,872
Supporting Services	\$ 5,479,924	\$ 5,887,492
Community Services	\$ 4,085	\$ 4,904
Transfers to other districts	\$ 1,761,445	\$ 1,413,056
Interest & fees on long-term debt	\$ 8,284	\$ 18,069
Unallocated depreciation	\$ 269,467	\$ 276,922
Total Expenses	\$ 11,942,154	\$ 11,865,315
Governmental Activities Increase(Decrease) In Net Assets	\$ 1,215,311	\$ (276,292)
Assets, Beginning of Year	\$ 8,206,525	\$ 8,482,817
Net Assets, End of Year	\$ 9,421,836	\$ 8,206,525

Major Governmental Funds Budgeting and Operating Highlights

The School districts budgets are prepared according to Michigan Law. The most significant budgeted funds are the general fund, special education fund, and career and technical education fund.

During the fiscal year ended June 30, 2006, the school district amended the budgets of these major governmental funds two times.

General Fund - the general fund actual revenue was \$1,381,396. That amount is above the original budget estimates of \$950,033 and above the final budget amendment of \$1,360,367. The variance between the actual revenue, the original budget, and the final budget was the result of an increase in local and federal revenue sources.

The actual expenditures of the general fund were \$1,248,045, which is above the original budget of \$1,186,942 and below the final amendment budget of \$1,329,825. The variance was

due unspent allocations in restricted state programs and federal grants, in addition to normal year-end variances.

General fund had total revenues of \$1,381,396 and total expenditures of \$1,248,045 with an ending fund balance of \$783,431.

Special Education Fund- the special education fund actual revenue was \$ 8.50 million. That amount is above the original budget of \$7.76 million and higher than the final amendment of \$7.76 million. The variance was mainly due to unspent federal funds, which were carried forward to the 2006-07 fiscal year and the timing of the receipt of federal funds.

The actual expenditures of the special education fund were \$7.24 million, which is below the original budget of \$7.77 million and below the final amendment of \$ 7.49 million. The variance was the result of unspent federal grants, which will be carried forward to the 2005-06 fiscal year.

Special education fund had total revenue of \$ 8.50 million and total expenditures of \$7.49 million with an ending fund balance of \$4.82 million.

Career and Technical Education Fund- the career and technical education fund actual revenue was \$2.77 million. That amount is above the original budget of \$2.67 million and above the final amendment of \$2.76 million. The variance was the result of the timing of receipts of revenues at the federal level.

The actual expenditures were \$2.77 million, which is below the original budget of \$2.82 million and below the final amendment of \$2.87 million. The variance is the result of normal year-end variances.

Technology education fund had total revenue of \$2.77 million and total expenditures of \$2.77 million with an ending fund balance of \$684,315.

Capital Asset and Debt Administration

Capital Assets - at the end of fiscal year 2006, the district had \$ 7.27 million invested in land, buildings, office, instructional, and transportation equipment. Of this amount, \$3.56 million in depreciation has been taken over the years. The district has net capital assets of \$3.71 million. Total additions for the year were \$74,339. Total deletions were \$0.

**District's Capital Assets
(Net of depreciation)
June 30, 2006**

Land	\$ 80,000
Buildings and improvements	5,014,579
Furniture and fixtures	572,102
Machinery and equipment	1,599,610
Subtotal-	\$ 7,266,291
 Accumulated depreciation	 \$ 3,556,767
Net capital Assets	\$ 3,709,524

Additional information on the District's capital assets can be found on page 18 of this report.

Long-term Debt

At the end of the current fiscal year, the district had a total bonded debt outstanding of \$350,829. None of this balance is a general obligation of the district and does not constitute an indebtedness of the district within any constitutional or statutory limitation, and is payable solely from state aid payments from the State of Michigan.

Economic Factors and Next Year's Budget

The economy in the State of Michigan continues to be sluggish. This sluggish economy could affect funding for the 2006-07 school year, as a pro-ration of State Aid is possible. The original budget established for the 2006-07 school year assumed State Aid revenues based on the funding levels in the 2005-06 revenue stream.

Requests for Information

The financial report is designed to provide a general overview of the district's finances for all those with an interest in the district's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Office, Huron Intermediate School District, 711 E. Soper Road, Bad Axe, Michigan 48413.

BASIC FINANCIAL STATEMENTS

HURON INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2006

	ASSETS	GOVERNMENTAL ACTIVITIES
CURRENT ASSETS:		
Cash		\$ 250,603
Investments		6,287,181
Property taxes receivable		39,569
Accounts receivable		2,884
Prepaid expense		164
Due from other governmental units		1,076,936
Due from agency funds		4,154
		<hr/>
TOTAL CURRENT ASSETS		7,661,491
		<hr/>
NONCURRENT ASSETS:		
Capital assets		7,266,291
Less accumulated depreciation		(3,556,767)
		<hr/>
TOTAL NONCURRENT ASSETS		3,709,524
		<hr/>
TOTAL ASSETS		<u><u>\$ 11,371,015</u></u>
	LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:		
Accounts payable		\$ 83,332
Accrued salaries & withholdings		782,026
Accrued & withheld payroll taxes		36,823
Accrued interest		51,784
Deferred revenue		263,059
Current portion of long term debt		30,122
Current portion of compensated absences		2,000
		<hr/>
TOTAL CURRENT LIABILITIES		1,249,146
		<hr/>
NONCURRENT LIABILITIES:		
Noncurrent portion of long term debt		320,707
Noncurrent portion of compensated absences		379,326
		<hr/>
TOTAL NONCURRENT LIABILITIES		700,033
		<hr/>
NET ASSETS:		
Invested in capital assets, net of related debt		3,358,695
Unrestricted		6,063,141
		<hr/>
TOTAL NET ASSETS		9,421,836
		<hr/>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 11,371,015</u></u>

The accompanying notes are an integral part of the financial statements.

HURON INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Assets
Governmental activities:				
Instruction	\$ 4,418,949	\$ 88,793	\$ 762,866	\$ (3,567,290)
Support services	5,479,924	207,183	1,780,020	(3,492,721)
Community services	4,085			(4,085)
Other payments	145			(145)
Transfers to other districts	1,761,300			(1,761,300)
Interest & fees on long-term debt	8,284		12,964	4,680
Unallocated depreciation	269,467			(269,467)
Total governmental activities	<u>\$ 11,942,154</u>	<u>\$ 295,976</u>	<u>\$ 2,555,850</u>	(9,090,328)
General revenues:				
Property taxes, levied for general purposes				6,618,919
Industrial facilities tax				128,058
State sources				2,425,467
Transfers from other districts				103,386
Investment revenue				232,158
Medicaid reimbursement				431,262
Miscellaneous				366,389
Total general revenue				<u>10,305,639</u>
Change in net assets				1,215,311
Net assets, beginning of year				<u>8,206,525</u>
Net assets, end of year				<u>\$ 9,421,836</u>

The accompanying notes are an integral part of the financial statements.

HURON INTERMEDIATE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

	<u>SPECIAL REVENUE</u>		
	<u>GENERAL</u>	<u>SPECIAL EDUCATION</u>	<u>CAREER TECHNICAL EDUCATION</u>
<u>ASSETS</u>			
Cash	\$ 12,938	\$ 37,972	\$ 32,333
Investments	1,272,950	4,563,302	450,929
Accounts receivable	849	-	2,035
Taxes receivable	-	-	-
Prepaid expense	164		
Due from other governmental units	212,902	618,780	128,336
Due from agency funds	4,154	-	-
Due from other funds	-	192,501	280,562
TOTAL ASSETS	<u>\$ 1,503,957</u>	<u>\$ 5,412,555</u>	<u>\$ 894,195</u>
<u>LIABILITIES & FUND BALANCES</u>			
LIABILITIES:			
Accounts payable	\$ 8,641	\$ 18,176	\$ 42,082
Accrued salaries and benefits	67,989	509,578	167,798
Accrued & withheld payroll taxes	32,837	3,986	-
Deferred revenue	258,059	-	-
Due to other funds	353,000	62,210	-
TOTAL LIABILITIES	<u>720,526</u>	<u>593,950</u>	<u>209,880</u>
FUND BALANCE:			
Reserved for:			
Capital Projects			
Unemployment			
Total Reserved	<u>-</u>	<u>-</u>	<u>-</u>
Unreserved:			
Designated for Compensated Absences	81,365	159,221	136,029
Undesignated	702,066	4,659,384	548,286
Total Unreserved	<u>783,431</u>	<u>4,818,605</u>	<u>684,315</u>
TOTAL FUND BALANCE	<u>783,431</u>	<u>4,818,605</u>	<u>684,315</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 1,503,957</u>	<u>\$ 5,412,555</u>	<u>\$ 894,195</u>

The accompanying notes are an integral part of the financial statements.

OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 167,360	\$ 250,603
-	6,287,181
-	2,884
	-
	164
116,918	1,076,936
	4,154
11,451	484,514
<u>\$ 295,729</u>	<u>\$ 8,106,436</u>

\$ 14,433	\$ 83,332
36,661	782,026
-	36,823
5,000	263,059
69,304	484,514
<u>125,398</u>	<u>1,649,754</u>

84,903	84,903
33,610	33,610
<u>118,513</u>	<u>118,513</u>

4,711	381,326
47,107	5,956,843
<u>51,818</u>	<u>6,338,169</u>
<u>170,331</u>	<u>6,456,682</u>
<u>\$ 295,729</u>	<u>\$ 8,106,436</u>

HURON INTERMEDIATE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Assets
June 30, 2006

Total Fund Balances - Governmental Funds	\$ 6,456,682
-------------------------------------------------	---------------------

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds

The cost of the capital assets is	7,266,291
Accumulated depreciation is	(3,556,767)

Long term liabilities are not due and payable in the current period and are not reported in the funds

Bonds payable - Durant	(350,829)
Compensated absences	(381,326)
Accrued interest is not included as a liability in governmental funds; it is recorded when paid	(51,784)

Balance of taxes receivable at 6/30/06 less allowance for doubtful accounts	<u>39,569</u>
-----------------------------------------------------------------------------	---------------

Net Assets of Governmental Activities	<u><u>\$ 9,421,836</u></u>
----------------------------------------------	-----------------------------------

The accompanying notes are an integral part of the financial statements.

HURON INTERMEDIATE SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2006

		SPECIAL REVENUE	
	GENERAL FUND	SPECIAL EDUCATION	CAREER TECHNICAL EDUCATION
REVENUES:			
Local sources	\$ 452,877	\$ 5,306,922	\$ 2,060,573
State sources	714,891	1,339,213	311,280
Federal sources	48,742	1,850,179	324,276
TOTAL REVENUES	1,216,510	8,496,314	2,696,129
EXPENDITURES:			
Instruction	612,450	2,260,812	1,313,680
Supporting services	548,501	3,215,025	1,409,692
Community services	4,085		
Other payments	144		
TOTAL EXPENDITURES	1,165,180	5,475,837	2,723,372
EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES	<u>51,330</u>	<u>3,020,477</u>	<u>(27,243)</u>
OTHER FINANCING SOURCES (USES):			
Transfer from other districts	103,386	-	-
Transfer from other funds	61,500	-	74,470
Transfer to other districts	(45,630)	(1,670,174)	(45,496)
Transfers to other funds	(37,235)	(98,735)	-
TOTAL OTHER FINANCING SOURCES (USES)	82,021	(1,768,909)	28,974
EXCESS (DEFICIT) OF REVENUE & OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES & OTHER FINANCING USES	<u>133,351</u>	<u>1,251,568</u>	<u>1,731</u>
FUND BALANCE - BEGINNING OF YEAR	<u>650,080</u>	<u>3,567,037</u>	<u>682,584</u>
FUND BALANCE - END OF YEAR	<u>\$ 783,431</u>	<u>\$ 4,818,605</u>	<u>\$ 684,315</u>

The accompanying notes are an integral part of the financial statements.

OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 257,110	\$ 8,077,482
73,047	2,438,431
319,689	2,542,886
649,846	13,058,799
250,007	4,436,949
345,520	5,518,738
14,859	18,944
41,724	41,868
652,110	10,016,499
(2,264)	3,042,300
	103,386
	135,970
	(1,761,300)
	(135,970)
-	(1,657,914)
(2,264)	1,384,386
172,595	5,072,296
\$ 170,331	\$ 6,456,682

HURON INTERMEDIATE SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
June 30, 2006

Total net change in fund balances--governmental funds	\$ 1,384,386
--------------------------------------------------------------	---------------------

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets are allocated over their useful lives as depreciation:

Depreciation expense	(269,467)
Capital outlay	74,339

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued interest payable at the beginning of the year	56,464
Accrued interest payable at the end of the year	(51,784)

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Accrued revenue at the beginning of the year	(44,289)
Accrued revenue at the end of the year	39,569

Payment on Durant debt	28,759
------------------------	--------

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Accrued absences at the beginning of the year	378,660
Accrued absences at the end of the year	(381,326)

Change in net assets of governmental activities	<u><u>\$ 1,215,311</u></u>
--------------------------------------------------------	-----------------------------------

The accompanying notes are an integral part of the financial statements.

HURON INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
BALANCE SHEET
June 30, 2006

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash	\$ 56,287
Investments	
<i>TOTAL ASSETS</i>	<u>\$ 56,287</u>
 <i>LIABILITIES AND FUND BALANCE</i>	
Liabilities:	
Due to other organizations	\$ 52,133
Due to general fund	<u>4,154</u>
TOTAL LIABILITIES	<u>56,287</u>
Fund Balance:	
Reserved for programs	<u>-</u>
<i>TOTAL LIABILITIES AND FUND BALANCE</i>	<u>\$ 56,287</u>

The accompanying notes are an integral part of the financial statements.

HURON INTERMEDIATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic financial statements of the Huron Intermediate School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

REPORTING ENTITY:

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, currently GASB Statements #14 and #39.

Based upon the application of these criteria, the basic financial statements of Huron Intermediate School District contain all the funds and account groups controlled by the District's Board of Education as no other entity meets the criteria to be considered a blended component unit or a discretely presented component of the district nor is the District a component unit of another entity.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has largely been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use, or directly benefit from goods or services by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Aid, certain revenue from the Intermediate School District and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District utilizes restricted resources to finance their respective, qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. These functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, investment income and other revenue). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues.)

**HURON INTERMEDIATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS, (Continued):

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental Funds:

Governmental funds are those funds through which most school district functions are typically financed. The acquisition, use, and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following **major** governmental funds:

The *General Fund* is the District's primary administration fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects). The District's **major** special revenue funds consist of the Special Education and Career Technical Education Funds.

The District reports the following **nonmajor** governmental funds:

The *Special Revenue Funds* that are considered **nonmajor** consist of the Adult Education and Unemployment Compensation Funds.

The *Debt Service Fund* accounts for the servicing of general long-term debt. Durant accounts for the resources accumulated and payments made for other revenue and interest on long-term limited obligation debt as a result of the Durant settlement.

The *Building and Site Fund* accounts for the receipt of debt proceeds and the acquisition of fixed assets or construction of major capital projects.

Fiduciary Funds:

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The District reports the following **fiduciary** fund:

The *Agency Fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

HURON INTERMEDIATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION:

Accrual Method:

The government-wide financial statements (statements of net assets; statements of activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they were levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board.

Modified Accrual Method:

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

State Foundation Revenue:

The State of Michigan uses a foundation grant approach, which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2006, the foundation allowance was based on the average of pupil membership counts taken in February and September of 2005.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October, 2005 to August, 2006. Thus, the unpaid portion at June 30th is reported as due from other governmental units. The local revenue is recognized as outlined in Note 1 Accounting for Property Taxes.

State Categorical Revenue:

The District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue.

Federal Revenue:

Expenditure-driven grants are recognized when the qualifying expenditures have been incurred and all other grant requirements have been met.

HURON INTERMEDIATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

ASSETS, LIABILITIES AND EQUITY:

1. Cash and equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 40 *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value and determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the district intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Short-term Interfund Receivables/Payables.

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the Governmental Funds Balance Sheet.

3. Property Taxes.

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. School District property tax revenues are recognized when levied to the extent that they result in current receivables (collected within sixty days after year end). Amounts received subsequent to August 31 are recognized as revenue when collected.

For the year ended June 30, 2006, the District levied the following amounts per \$1,000 of assessed valuation:

<u>FUND</u>	<u>MILLS</u>
General Fund	0.1169
Special Revenue Funds:	
Special Education Fund	3.2886
Career Technical Education Fund	1.3431

HURON INTERMEDIATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

ASSETS, LIABILITIES AND EQUITY, (Continued):

4. Capital Assets.

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as followed:

Buildings and additions	50 years
Furniture and other equipment	5 – 15 years

The District's policy is to capitalize individual amounts exceeding \$5,000.

5. Compensated Absences.

Accumulated vacation and sick pay amounts, which are expected to be liquidated with expendable available resources (generally sixty days), are recorded in the governmental funds using the modified accrual basis of accounting.

It is the policy of the District to allow for accumulation of unused sick days. Upon death or retirement of a covered employee or upon an employee's voluntary termination after 15 years of continuous service, accumulated sick days become vested and are payable at one half of the employees current rate of pay for a maximum of 125 days for administrative and non-union support staff. Professional bargaining unit staff is paid 70% of the current substitute pay per day for a maximum of 105 days. An estimate of the present value of this liability has been recorded in the statement of net assets.

6. Unemployment Insurance.

The District reimburses the Bureau of Worker's & Unemployment Compensation (BW & UC) for the actual amount of unemployment benefits disbursed by the BW & UC on behalf of the District. Billings received for amounts paid by the BW & UC through June 30 are accrued, if material.

7. Long-term obligations.

The District reports long-term debt of governmental funds at face value in the statement of net assets. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the statement of net assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

HURON INTERMEDIATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

ASSETS, LIABILITIES AND EQUITY, (Continued):

8. Deferred Revenues:

The unexpended balance of various federal and/or state categorical grants is carried forward as deferred revenue until the period in which eligible expenditures are incurred. Other monies collected in advance are also deferred.

9. Retirement Plan.

Substantially all of the District's employees participate in the Michigan Public School Employee's Retirement System. See Note 8.

10. Fund Balance.

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes or indicates that a component of net current assets does not constitute "available spendable resources". The designated fund balances for governmental funds represent tentative plans for future use of financial resources.

11. Interfund Transactions.

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reduction of expenditures/expenses in the fund that is reimbursed.

12. Use of Estimates.

The process of preparing basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

HURON INTERMEDIATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 2 – STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY:

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, debt service and capital projects funds. All annual appropriations lapse at fiscal year end. The District does not maintain a formalized encumbrance accounting system.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances – budget (GAAP basis) and actual – general, special revenue, and debt service.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated. Violations, if any, in the major funds are noted in the required supplementary information section.
4. The Superintendent is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. The budget, as presented, has been amended. Supplemental appropriations were made during the year with the last one approved prior to June 30.
7. Instructional expenditures in the Special Education Fund exceeded the budget by \$57,281. This constitutes a PA 621 violation.

**HURON INTERMEDIATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

NOTE 3 - DEPOSITS AND INVESTMENTS – CREDIT RISK:

As of June 30, 2006 the District had the following investments.

Investment Type	Fair value	Weighted Average Maturity (Years)	Standard & Poor's Rating	%
MILAF External Investment pool - MICMS	\$ 2,855,734	0.0027	AAAm	45.4%
MILAF External Investment pool -MIMAX	3,431,447	0.0027	AAAm	54.6%
Total fair value	<u>\$ 6,287,181</u>			<u>100.0%</u>
Portfolio weighted average maturity		<u>0.0027</u>		
1 day maturity equals 0.0027, one year equals 1.00				

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of “qualified” investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2006, the fair value of the District’s investments is the same as the value of the pool shares.

Interest rate risk. In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District’s cash requirements.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

Concentration of credit risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District’s investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As of June 30, 2006, \$1,564,696 of the District’s bank balance of \$1,769,673 was exposed to custodial credit risk because it was uninsured and uncollateralized with securities held by the pledging financial institution’s trust department or agent, but not in the District’s name.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk.

HURON INTERMEDIATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 3 - DEPOSITS AND INVESTMENTS – CREDIT RISK, (Continued):

The above amounts are reported in the financial statements as follows:

Cash Agency Fund	\$ 56,287
Cash - District wide	250,603
Investments - District wide	<u>6,287,181</u>
	<u><u>\$ 6,594,071</u></u>

NOTE 4 - CAPITAL ASSETS:

The following is a summary of changes in the capital assets during the fiscal year:

	<u>BALANCE</u> <u>JULY 1, 2005</u>	<u>ADDITIONS</u>	<u>DISPOSALS</u>	<u>BALANCE</u> <u>JUNE 30, 2006</u>
Assets not being depreciated – land	\$ 80,000			\$ 80,000
Other capital assets:				
Buildings	4,545,905	\$ 27,773	\$ -	4,573,678
Improvements	412,335	28,566	-	440,901
Furniture & Fixtures	572,102	-	-	572,102
Machinery & Equipment	<u>1,581,610</u>	<u>18,000</u>	<u>-</u>	<u>1,599,610</u>
Subtotal other capital assets	7,111,952	74,339	-	7,186,291
Accumulated depreciation:				
Buildings	(1,452,965)	(79,969)		(1,532,934)
Improvements	(301,435)	(16,410)		(317,845)
Furniture & Fixtures	(439,645)	(18,831)		(458,476)
Machinery & Equipment	<u>(1,093,255)</u>	<u>(154,257)</u>	<u>-</u>	<u>(1,247,512)</u>
Total accumulated depreciation	<u>(3,287,300)</u>	<u>(269,467)</u>	<u>-</u>	<u>(3,556,767)</u>
Net other capital assets:	<u>3,824,652</u>	<u>(195,128)</u>	<u>-</u>	<u>3,629,524</u>
Net Capital Assets	<u><u>\$3,904,652</u></u>	<u><u>\$(195,128)</u></u>	<u><u>\$ -</u></u>	<u><u>\$3,709,524</u></u>

Depreciation for the fiscal year ended June 30, 2006 amounted to \$269,467. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

HURON INTERMEDIATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES:

Interfund payable and receivable balances at June 30, 2006 are as follows:

	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
General Fund	\$ 4,154	\$353,001
Special Revenue Fund:		
Special Education Fund	192,502	62,210
Career Technical Education Fund	280,562	-
Adult Education Fund	11,451	69,304
Fiduciary Fund Type	<u>-</u>	<u>4,154</u>
Total	<u>\$488,669</u>	<u>\$488,669</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

NOTE 6 - LONG-TERM DEBT:

OUTSTANDING DEBT:

The following is a summary of long-term obligations for the District for the year ended June 30, 2006:

Limited obligation (Durant) bond, due in annual installments of \$26,198 - \$196,895 through May 2013, with interest of 4.76%.	\$350,829
Accumulated compensated absences	<u>381,326</u>
Total long-term debt	<u>\$732,155</u>

DEBT SERVICE REQUIREMENTS:

The annual requirements to amortize long-term debt outstanding as of June 30, 2006 are as follows:

<u>YEAR ENDED JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2007	\$ 30,122	\$11,595	\$ 41,717
2008	138,871	58,024	196,895
2009	33,067	8,658	41,725
2010	34,640	7,083	41,723
2011	36,290	5,434	41,724
2012	38,015	3,706	41,721
2013	39,824	1,897	41,721
2014	<u>-</u>	<u>-</u>	<u>-</u>
	350,829	96,397	447,226
Accumulated compensated absences	<u>381,326</u>	<u>-</u>	<u>381,326</u>
	<u>\$732,155</u>	<u>\$96,397</u>	<u>\$828,552</u>

An amount of \$0 is available in the debt service fund to service the general obligation debt.

HURON INTERMEDIATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 6 - LONG-TERM DEBT, (Continued):

CHANGES IN LONG-TERM DEBT:

Following is a summary of long-term debt transactions of the district for the year ended June 30, 2006:

	ACCUMULATED SICK & VACATION PAY	GENERAL OBLIGATIONS
Long-term debt, July 1, 2005	\$378,660	\$379,588
Additions:		
Net increase (decrease) in accumulated compensated absences	2,666	
Deductions:		
Principal payments made	_____	(28,759)
Long-term debt, June 30, 2006	<u>\$381,326</u>	<u>\$350,829</u>

Interest expense (all funds) for the years ended June 30, 2006 was \$8,284.

NOTE 7 - OPERATING LEASES:

The School District leases equipment under operating lease agreements that expire in June 2010. At June 30, 2006, future lease payments under this lease is as follows:

June 30, 2007	\$25,654
June 30, 2008	23,783
June 30, 2009	23,783
June 30, 2010	2,737

**HURON INTERMEDIATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**

NOTE 8 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN:

Plan Description – The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost sharing multiple-employer state-wide defined benefit public employee retirement plan governed by the State of Michigan. The MPERS provides retirement survivor and disability benefits and postretirement benefits for health, dental and vision for substantially all employees of the District. The MPERS was established by Public Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan, 48909-7671 or by calling (800) 381-5111.

Funding Policy – Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; and 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Actuarial rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rates for the year ended June 30, 2005 was 14.87% through September 30, 2005 and 16.34% for October 1, 2005 through June 30, 2006. The contribution requirements of plan members and the District are established and may be amended by the MPERS Board of Trustees. The District contributions to MPERS for the years ended June 30, 2006, 2005 and 2004 were \$795,875, \$750,063 and \$624,313, respectively, and were equal to the required contribution for those years.

The District is not responsible for the payment of retirement benefits; it is the responsibility of the State of Michigan.

OTHER POST-EMPLOYMENT BENEFITS:

Also within the MPERS system, retirees have the option of health coverage, which is funded on a cash disbursement basis by the employers. The MPERS has contracted to provide the comprehensive group medical, hearing, dental and vision coverages for retirees and beneficiaries. A significant portion of the premium is paid by the MPERS with the balance deducted from the monthly pension.

HURON INTERMEDIATE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 9 - RISK MANAGEMENT:

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. Each of the pools maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required. The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

NOTE 10 – TRANSFERS:

Transfers were made between funds to supplement program costs. A summary is as follows:

	<u>Transfers To</u>	<u>Transfers From</u>
General Fund	\$ 37,235	\$ 61,500
Special Education Fund	98,735	-
Career Technical Education Fund	<u>-</u>	<u>74,470</u>
Total	<u>\$135,970</u>	<u>\$135,970</u>

Transfers were made between funds to subsidize programs and to reimburse shared administrative expenses.

REQUIRED SUPPLEMENTARY INFORMATION

HURON INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006

	BUDGET			VARIANCE- WITH FINAL BUDGET- FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUE:				
Local sources	\$ 228,953	\$ 382,114	\$ 452,877	\$ 70,763
State sources	552,132	766,907	714,891	(52,016)
Federal sources	5,148	43,019	48,742	5,723
TOTAL REVENUE	786,233	1,192,040	1,216,510	24,470
EXPENDITURES:				
Instruction	404,714	634,180	612,450	21,730
Supporting services	705,628	605,690	548,501	57,189
Community services		-	4,085	(4,085)
Other payments	1,000	1,000	144	856
TOTAL EXPENDITURES	1,111,342	1,240,870	1,165,180	75,690
EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES	(325,109)	(48,830)	51,330	100,160
OTHER FINANCING SOURCES (USES):				
Transfer from other districts	127,300	106,827	103,386	(3,441)
Transfer from other funds	36,500	61,500	61,500	-
Transfer to other districts	(45,360)	(51,420)	(45,630)	5,790
Transfers to other funds	(30,240)	(37,535)	(37,235)	300
TOTAL OTHER FINANCING SOURCES (USES)	88,200	79,372	82,021	2,649
EXCESS (DEFICIT) OF REVENUE & OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES & OTHER FINANCING USES	(236,909)	30,542	133,351	102,809
FUND BALANCE - JULY 1	650,080	650,080	650,080	
FUND BALANCE - JUNE 30	\$ 413,171	\$ 680,622	\$ 783,431	\$ 102,809

HURON INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2006

	BUDGET			VARIANCE- WITH FINAL BUDGET- FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUE:				
Local sources	\$ 5,016,431	\$ 5,016,431	\$ 5,306,922	\$ 290,491
State sources	1,353,700	1,353,700	1,339,213	(14,487)
Federal sources	1,389,682	1,389,682	1,850,179	460,497
TOTAL REVENUE	7,759,813	7,759,813	8,496,314	736,501
EXPENDITURES:				
Instruction	2,162,572	2,203,531	2,260,812	(57,281)
Supporting services	3,716,754	3,512,828	3,215,025	297,803
TOTAL EXPENDITURES	5,879,326	5,716,359	5,475,837	240,522
EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES	1,880,487	2,043,454	3,020,477	977,023
OTHER FINANCING SOURCES (USES):				
Transfer from other districts		-	-	-
Transfer from other funds		-	-	-
Transfer to other districts	(1,819,000)	(1,670,745)	(1,670,174)	571
Transfers to other funds	(73,735)	(99,035)	(98,735)	300
TOTAL OTHER FINANCING SOURCES (USES)	(1,892,735)	(1,769,780)	(1,768,909)	871
EXCESS (DEFICIT) OF REVENUE & OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES & OTHER FINANCING USES	(12,248)	273,674	1,251,568	977,894
FUND BALANCE - JULY 1	3,567,037	3,567,037	3,567,037	
FUND BALANCE - JUNE 30	\$ 3,554,789	\$ 3,840,711	\$ 4,818,605	\$ 977,894

HURON INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
CAREER TECHNICAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2006

	BUDGET			VARIANCE- WITH FINAL BUDGET- FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUE:				
Local sources	\$ 1,979,805	\$ 2,046,092	\$ 2,060,573	\$ 14,481
State sources	315,740	311,280	311,280	-
Federal sources	303,031	325,458	324,276	(1,182)
TOTAL REVENUE	2,598,576	2,682,830	2,696,129	13,299
EXPENDITURES:				
Instruction	1,313,759	1,353,747	1,313,680	40,067
Supporting services	1,463,510	1,473,944	1,409,692	64,252
TOTAL EXPENDITURES	2,777,269	2,827,691	2,723,372	104,319
EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES	(178,693)	(144,861)	(27,243)	117,618
OTHER FINANCING SOURCES (USES):				
Transfer from other districts	-	-	-	-
Transfer from other funds	74,470	74,470	74,470	-
Transfer to other districts	(38,000)	(45,497)	(45,496)	1
Transfers to other funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	36,470	28,973	28,974	1
EXCESS (DEFICIT) OF REVENUE & OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES & OTHER FINANCING USES	(142,223)	(115,888)	1,731	117,619
FUND BALANCE - JULY 1	682,584	682,584	682,584	
FUND BALANCE - JUNE 30	\$ 540,361	\$ 566,696	\$ 684,315	\$ 117,619

ADDITIONAL INFORMATION

HURON INTERMEDIATE SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2006

	ADULT EDUCATION	UNEMPLOYMENT COMPENSATION FUND	DURANT BOND DEBT RETIREMENT	BUILDING AND SITE	TOTAL
<u>ASSETS</u>					
Cash	\$ 36,156	\$ 46,301	\$ -	\$ 84,903	\$ 167,360
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Due from other governmental units	116,918	-	-	-	116,918
Due from other funds	11,451	-	-	-	11,451
<u>TOTAL ASSETS</u>	<u>\$ 164,525</u>	<u>\$ 46,301</u>	<u>\$ -</u>	<u>\$ 84,903</u>	<u>\$ 295,729</u>
 <u>LIABILITIES & FUND BALANCE</u>					
LIABILITIES:					
Accounts payable	\$ 1,742	\$ 12,691	\$ -	-	\$ 14,433
Accrued salaries & benefits	36,661	-	-	-	36,661
Accrued & withheld payroll taxes	-	-	-	-	-
Due to other funds	69,304	-	-	-	69,304
Deferred revenues	5,000	-	-	-	5,000
TOTAL LIABILITIES	112,707	12,691	-	-	125,398
FUND BALANCE:					
Reserved for:					
Capital Projects				\$ 84,903	84,903
Unemployment		33,610			33,610
Total Reserved	-	33,610	-	84,903	118,513
Unreserved:					
Designated for Compensated Absences	4,711	-	-	-	4,711
Undesignated	47,107	-	-	-	47,107
Total Unreserved	51,818	-	-	-	51,818
TOTAL FUND BALANCE	51,818	33,610	-	84,903	170,331
<u>TOTAL LIABILITIES & FUND BALANCE</u>	<u>\$ 164,525</u>	<u>\$ 46,301</u>	<u>\$ -</u>	<u>\$ 84,903</u>	<u>\$ 295,729</u>

HURON INTERMEDIATE SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2006

	ADULT EDUCATION	UNEMPLOYMENT COMPENSATION FUND	DURANT BOND DEBT RETIREMENT	BUILDING AND SITE	TOTAL
REVENUE:					
Local sources	\$ 256,865	\$ 84	-	\$ 161	\$ 257,110
State sources	31,323	-	\$ 41,724	-	73,047
Federal sources	319,689	-	-	-	319,689
TOTAL REVENUE	607,877	84	41,724	161	649,846
EXPENDITURES:					
Current:					
Instruction	250,007	-	-	-	250,007
Supporting services	332,828	12,692	-	-	345,520
Capital projects	-	-	-	14,859	14,859
Debt Repayment	-	-	41,724	-	41,724
TOTAL EXPENDITURES	582,835	12,692	41,724	14,859	652,110
EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES	25,042	(12,608)	-	(14,698)	(2,264)
OTHER FINANCING SOURCES (USES):					
Transfer from other districts					-
Transfer from other funds					-
Transfer to other districts					-
Transfers to other funds					-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES	25,042	(12,608)	-	(14,698)	(2,264)
FUND BALANCE - JULY 1	26,776	46,218	-	99,601	172,595
FUND BALANCE - JUNE 30	\$ 51,818	\$ 33,610	\$ -	\$ 84,903	\$ 170,331

HURON INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF GENERAL FUND REVENUE
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE FROM LOCAL SOURCES:			
Property taxes - current levy	\$ 163,908	\$ 163,604	\$ (304)
Industrial Facilities Tax	3,165	3,163	(2)
Miscellaneous	128,114	148,247	20,133
Local Professional Development	12,500	17,918	5,418
Rural consortiums	62,827	61,477	(1,350)
Income on investment	11,600	58,468	46,868
	<u>382,114</u>	<u>452,877</u>	<u>70,763</u>
TOTAL REVENUE FROM LOCAL SOURCES			
REVENUE FROM STATE SOURCES:			
State aid	694,216	642,200	(52,016)
Detroit Edison	3,000	3,000	-
Math & Science Outreach	69,691	69,691	-
	<u>766,907</u>	<u>714,891</u>	<u>(52,016)</u>
TOTAL REVENUE FROM STATE SOURCES			
REVENUE FROM FEDERAL SOURCES:			
Title V	2,803	2,803	-
Staffing Grant	4,500	5,412	912
Other	35,716	40,527	4,811
	<u>43,019</u>	<u>48,742</u>	<u>5,723</u>
TOTAL REVENUE FROM FEDERAL SOURCES			
OTHER FINANCING SOURCES			
Transfers - Other Funds	61,500	61,500	-
Transfers - Other Districts	106,827	103,386	(3,441)
	<u>168,327</u>	<u>164,886</u>	<u>(3,441)</u>
TOTAL OTHER FINANCING SOURCES			
TOTAL REVENUE	<u>\$ 1,360,367</u>	<u>\$ 1,381,396</u>	<u>\$ 21,029</u>

HURON INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION:			
Gifted Program:			
Salaries	\$ 2,305	\$ 2,304	\$ 1
Employee benefits	163	153	10
Purchased services	775	775	-
Supplies	3,665	2,981	684
Total Gifted Program	<u>6,908</u>	<u>6,213</u>	<u>695</u>
Math/Science Program:			
Salaries	90,969	75,083	15,886
Employee benefits	22,054	18,035	4,019
Insurance	16,890	16,934	(44)
Purchased services	10,040	9,334	706
Supplies	9,075	3,898	5,177
Miscellaneous	250	207	43
Total Math/Science Program	<u>149,278</u>	<u>123,491</u>	<u>25,787</u>
Distance Learning:			
Purchased services	<u>105,000</u>	<u>88,213</u>	<u>16,787</u>
Total Distance Learning	<u>105,000</u>	<u>88,213</u>	<u>16,787</u>
Curriculum Development:			
Salaries	59,676	59,676	-
Employee benefits	14,468	14,329	139
Insurance	17,538	16,934	604
Purchased services	3,110	3,251	(141)
Supplies	850	395	455
Miscellaneous	-	190	(190)
Total Curriculum Development	<u>95,642</u>	<u>94,775</u>	<u>867</u>
Michigan School Readiness			
Salaries	91,832	94,490	(2,658)
Employee benefits	22,262	22,280	(18)
Insurance	49,913	50,537	(624)
Purchased services	25,685	25,686	(1)
Supplies	1,708	1,708	-
Total Michigan School Readiness	<u>191,400</u>	<u>194,701</u>	<u>(3,301)</u>

HURON INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION, (Continued):			
Improvement of Instruction:			
Salaries	-	\$ 15,800	\$ (15,800)
Employee benefits	\$ 2,165	5,944	(3,779)
Purchased services	6,500	8,416	(1,916)
Supplies	1,460	4,265	(2,805)
Total Improvement of Instruction	10,125	34,425	(24,300)
Rural Consortium:			
Salaries	31,187	31,187	-
Employee benefits	4,662	4,588	74
Purchased services	18,670	17,972	698
Supplies	21,308	16,885	4,423
Total Rural Consortium	75,827	70,632	5,195
TOTAL INSTRUCTION	634,180	612,450	21,730
SUPPORTING SERVICES			
Title V:			
Purchased services	1,160	1,160	-
Supplies	1,643	1,643	-
Capital outlay	-	-	-
Total Title V	2,803	2,803	-
Attendance:			
Salaries	34,457	34,495	(38)
Employee benefits	8,388	8,283	105
Insurance	16,426	16,269	157
Supplies	100	-	100
Purchased services	600	110	490
Total Attendance	59,971	59,157	814
Letrs Training Regional Grant:			
Salaries	5,537	8,242	(2,705)
Employee benefits	1,306	1,945	(639)
Purchased services	350	1,271	(921)
Supplies	13,002	8,737	4,265
Total Letrs Training Regional Grant	20,195	20,195	-

HURON INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Board of Education:			
Salaries	\$ 6,000	\$ 5,705	\$ 295
Employee benefits	500	21	479
Purchased services	<u>22,500</u>	<u>19,114</u>	<u>3,386</u>
Total Board of Education	<u>29,000</u>	<u>24,840</u>	<u>4,160</u>
Executive Administration:			
Salaries	81,070	64,378	16,692
Employee benefits	14,235	12,933	1,302
Insurance	6,000	4,397	1,603
Purchased services	50,750	37,105	13,645
Supplies	17,100	13,375	3,725
Miscellaneous	<u>12,000</u>	<u>10,517</u>	<u>1,483</u>
Total Executive Administration	<u>181,155</u>	<u>142,705</u>	<u>38,450</u>
General Education Coordinator			
Salaries	117,567	120,049	(2,482)
Employee benefits	28,613	28,630	(17)
Insurance	36,870	34,927	1,943
Purchased services	5,000	4,754	246
Supplies	3,000	2,196	804
Miscellaneous	<u>700</u>	<u>253</u>	<u>447</u>
Total General Education Coordinator	<u>191,750</u>	<u>190,809</u>	<u>941</u>
Accounting:			
Salaries	40,572	39,908	664
Employee benefits	10,037	9,437	600
Insurance	13,130	11,862	1,268
Purchased services	3,000	3,264	(264)
Supplies	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total Accounting	<u>69,739</u>	<u>64,471</u>	<u>5,268</u>
Data Processing	<u>3,500</u>	<u>3,305</u>	<u>195</u>

HURON INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Operation and Maintenance:			
Purchased services	\$ 24,600	\$ 18,530	\$ 6,070
Supplies	1,000	161	839
Capital outlay	4,400	4,305	95
Total Operation and Maintenance	<u>30,000</u>	<u>22,996</u>	<u>7,004</u>
Transportation Services:			
Purchased services	-	-	-
Supplies	500	143	357
Total Transportation Services	<u>500</u>	<u>143</u>	<u>357</u>
Capital outlay	<u>17,077</u>	<u>17,077</u>	<u>-</u>
TOTAL SUPPORTING SERVICES	<u>605,690</u>	<u>548,501</u>	<u>57,189</u>
COMMUNITY SERVICES			
Community Activities			
Supplies	-	4,085	(4,085)
TOTAL COMMUNITY SERVICES	<u>-</u>	<u>4,085</u>	<u>(4,085)</u>
OTHER PAYMENTS	<u>1,000</u>	<u>144</u>	<u>856</u>
TOTAL EXPENDITURES	<u>1,239,870</u>	<u>1,165,180</u>	<u>75,690</u>
OTHER TRANSFERS			
Transfers to other funds	37,535	37,235	300
Transfers to other districts	43,300	37,510	5,790
REMC	8,120	8,120	-
TOTAL OTHER TRANSFERS	<u>88,955</u>	<u>82,865</u>	<u>6,090</u>
TOTAL EXPENDITURES & TRANSFERS	<u>\$ 1,329,825</u>	<u>\$ 1,248,045</u>	<u>\$ 81,780</u>

HURON INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF SPECIAL EDUCATION FUND REVENUE
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE FROM LOCAL SOURCES:			
Property tax levy	\$ 4,493,231	\$ 4,586,874	\$ 93,643
Industrial facilities tax	75,000	88,680	13,680
Interest on delinquent tax	700	1,728	1,028
Interest on investment	15,000	155,991	140,991
Medicaid Reimbursement	415,000	431,262	16,262
Miscellaneous	17,500	42,387	24,887
TOTAL REVENUE FROM LOCAL SOURCES	<u>5,016,431</u>	<u>5,306,922</u>	<u>290,491</u>
REVENUE FROM STATE SOURCES:			
State aid	<u>1,353,700</u>	<u>1,339,213</u>	<u>(14,487)</u>
TOTAL REVENUE FROM STATE SOURCES	<u>1,353,700</u>	<u>1,339,213</u>	<u>(14,487)</u>
REVENUE FROM FEDERAL SOURCES:			
B.E.S.T. Grant	40,000	5,000	(35,000)
Regional Autism Grant	-	34,100	34,100
94-142 Flow through	1,088,712	1,485,874	397,162
Preschool incentive	55,865	54,036	(1,829)
94-142 state initiated	35,000	45,000	10,000
94-142 capacity building	11,332	-	(11,332)
Infant & toddler	68,505	104,129	35,624
Transition MJCRS	60,000	60,000	-
Staffing Grant	2,500	1,810	(690)
Staff development grants	1,710	-	(1,710)
Strong families/safe children	10,000	10,000	-
Homeland Security Grant	-	1,728	1,728
Medicaid Transportation	16,058	48,502	32,444
TOTAL REVENUE FROM FEDERAL SOURCES	<u>1,389,682</u>	<u>1,850,179</u>	<u>460,497</u>
TOTAL REVENUE	<u>\$ 7,759,813</u>	<u>\$ 8,496,314</u>	<u>\$ 736,501</u>

HURON INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF SPECIAL EDUCATION FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION:			
Severally Mentally Impaired:			
Salaries	\$ 130,691	\$ 125,305	\$ 5,386
Insurance	59,442	62,195	(2,753)
Employee benefits	32,360	29,626	2,734
Purchased services	-	5,741	(5,741)
Teaching supplies	950	906	44
Total Severally Mentally Impaired	<u>223,443</u>	<u>223,773</u>	<u>(330)</u>
Trainably Mentally Impaired:			
Salaries	353,155	357,028	(3,873)
Insurance	190,166	185,817	4,349
Employee benefits	86,134	83,933	2,201
Purchased services	200	(128)	328
Teaching supplies	3,000	5,071	(2,071)
Total Trainably Mentally Impaired	<u>632,655</u>	<u>631,721</u>	<u>934</u>
Autistically Impaired:			
Salaries	141,035	114,459	26,576
Insurance	106,674	85,834	20,840
Employee benefits	35,912	25,444	10,468
Purchased services	12,000	82	11,918
Total Autistically Impaired	<u>295,621</u>	<u>225,819</u>	<u>69,802</u>
Regional Autism Grant:			
Salaries	17,253	17,717	(464)
Employee benefits	3,247	3,360	(113)
Purchased services	2,400	1,880	520
Teaching supplies	12,900	12,727	173
Total Autism Grant	<u>35,800</u>	<u>35,684</u>	<u>116</u>
Hearing Impaired:			
Salaries	61,106	60,960	146
Insurance	17,538	16,934	604
Employee benefits	14,813	14,639	174
Purchased services	5,750	5,644	106
Supplies & other	4,200	1,351	2,849
Capital outlay	-	1,418	(1,418)
Total Hearing Impaired	<u>103,407</u>	<u>100,946</u>	<u>2,461</u>

HURON INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF SPECIAL EDUCATION FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION, (continued):			
Emotionally Impaired:			
Salaries	\$ 132,076	\$ 173,413	\$ (41,337)
Insurance	35,342	66,769	(31,427)
Employee benefits	31,760	43,028	(11,268)
Teaching supplies	1,300	1,627	(327)
Total Emotionally Impaired	<u>200,478</u>	<u>284,837</u>	<u>(84,359)</u>
B.E.S.T. Autistic Program:			
Salaries	81,676	79,956	1,720
Insurance	29,628	28,477	1,151
Employee benefits	19,200	18,829	371
Purchased services	100	21	79
Teaching supplies	500	-	500
Total B.E.S.T. Autistic Program	<u>131,104</u>	<u>127,283</u>	<u>3,821</u>
Home Program:			
Salaries	38,463	35,932	2,531
Insurance	14,032	13,716	316
Employee benefits	9,326	8,624	702
Purchased services	2,100	2,741	(641)
Supplies	650	680	(30)
Total Home Program	<u>64,571</u>	<u>61,693</u>	<u>2,878</u>
Personnel Development:			
Purchased services	38,500	24,978	13,522
Supplies	250	852	(602)
Total Personnel Development	<u>38,750</u>	<u>25,830</u>	<u>12,920</u>
Early On Grant:			
Salaries	36,375	51,528	(15,153)
Insurance	8,113	12,184	(4,071)
Employee benefits	8,362	11,817	(3,455)
Purchased services	36,650	34,096	2,554
Supplies	4,715	1,581	3,134
Outgoing transfers	3,300	352	2,948
Total Early On Grant	<u>97,515</u>	<u>111,558</u>	<u>(14,043)</u>
Preprimary Class:			
Salaries	209,546	218,304	(8,758)
Insurance	59,424	100,992	(41,568)
Employee benefits	50,848	51,587	(739)
Purchased services	1,200	736	464
Teaching supplies	1,800	2,680	(880)
Capital outlay	3,333	3,333	-
Total Preprimary Class	<u>326,151</u>	<u>377,632</u>	<u>(51,481)</u>

HURON INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF SPECIAL EDUCATION FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION, (continued):			
Pre-school Incentive:			
Salaries	\$ 32,153	\$ 32,153	-
Insurance	14,089	14,095	\$ (6)
Employee benefits	7,794	7,788	6
	<u>54,036</u>	<u>54,036</u>	<u>-</u>
Pre-school Incentive			
	<u>54,036</u>	<u>54,036</u>	<u>-</u>
TOTAL INSTRUCTION	<u>2,203,531</u>	<u>2,260,812</u>	<u>(57,281)</u>
SUPPORTING SERVICES:			
Pupil Services:			
Physical Therapists:			
Salaries	64,733	64,733	-
Insurance	17,538	16,934	604
Employee benefits	15,692	15,545	147
Purchased services	3,000	2,932	68
Supplies	850	794	56
	<u>101,813</u>	<u>100,938</u>	<u>875</u>
Total Physical Therapists			
	<u>101,813</u>	<u>100,938</u>	<u>875</u>
Inclusion Consultant:			
Salaries	61,106	46,332	14,774
Insurance	17,538	13,061	4,477
Employee Benefits	14,813	11,091	3,722
Purchased services	2,500	2,058	442
Supplies	650	190	460
	<u>96,607</u>	<u>72,732</u>	<u>23,875</u>
Total Inclusion Consultant			
	<u>96,607</u>	<u>72,732</u>	<u>23,875</u>
Psychologists:			
Salaries	307,096	295,491	11,605
Insurance	72,652	69,697	2,955
Employee benefits	73,835	70,942	2,893
Purchased services	9,500	9,132	368
Supplies	2,500	2,483	17
Capital outlay	14,111	6,256	7,855
	<u>479,694</u>	<u>454,001</u>	<u>25,693</u>
Total Psychologists			
	<u>479,694</u>	<u>454,001</u>	<u>25,693</u>
Speech Therapists:			
Salaries	342,675	313,491	29,184
Insurance	93,130	91,829	1,301
Employee benefits	82,994	75,062	7,932
Purchased services	108,416	95,980	12,436
Supplies	3,500	5,844	(2,344)
Capital outlay	6,900	6,898	2
	<u>637,615</u>	<u>589,104</u>	<u>48,511</u>
Total Speech Therapists			
	<u>637,615</u>	<u>589,104</u>	<u>48,511</u>

HURON INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF SPECIAL EDUCATION FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Pupil Services, (Continued):			
Occupational Therapists:			
Salaries	\$ 88,683	\$ 88,749	\$ (66)
Insurance	35,076	33,867	1,209
Employee benefits	21,548	21,304	244
Purchased services	2,850	3,675	(825)
Supplies	1,600	1,690	(90)
Total Occupational Therapists	<u>149,757</u>	<u>149,285</u>	<u>472</u>
Social Workers:			
Salaries	241,775	241,732	43
Employee benefits	137,356	133,945	3,411
Purchased services	7,050	9,177	(2,127)
Supplies	1,400	1,472	(72)
Capital outlay	2,100	2,088	12
Total Social Workers	<u>389,681</u>	<u>388,414</u>	<u>1,267</u>
IDEA Transition Services			
Salaries	36,000	36,317	(317)
Insurance	13,674	14,769	(1,095)
Employee benefits	8,726	8,574	152
Purchased services	1,600	232	1,368
Supplies	100	119	(19)
Miscellaneous	-	10	(10)
Total IDEA Transition Services	<u>60,100</u>	<u>60,021</u>	<u>79</u>
B.E.S.T. Grant			
Purchased services	2,341	2,751	(410)
Supplies	1,859	1,799	60
Capital outlay	-	450	(450)
Total B.E.S.T. Grant	<u>4,200</u>	<u>5,000</u>	<u>(800)</u>

HURON INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF SPECIAL EDUCATION FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Pupil Services, (Continued):			
Emotionally Impaired			
Salaries	\$ 21,828	\$ 21,327	\$ 501
Insurance	8,945	7,924	1,021
Employee benefits	5,139	5,122	17
Purchased services	2,800	3,191	(391)
Supplies	650	672	(22)
Total Emotionally Impaired	<u>39,362</u>	<u>38,236</u>	<u>1,126</u>
Transition Counselor:			
Salaries	33,727	33,126	601
Insurance	14,427	14,874	(447)
Employee benefits	8,091	7,917	174
Purchased services	996	996	-
Supplies	930	1,005	(75)
Total Transition Counselor	<u>58,171</u>	<u>57,918</u>	<u>253</u>
Total Pupil Services	<u>2,017,000</u>	<u>1,915,649</u>	<u>101,351</u>
Supervisory			
Salaries	187,783	174,270	13,513
Insurance	23,137	17,239	5,898
Employee benefits	44,753	39,838	4,915
Purchased services	4,000	6,213	(2,213)
Supplies	12,500	9,947	2,553
Total Supervisory	<u>272,173</u>	<u>247,507</u>	<u>24,666</u>
Monitor & Compliance:			
Salaries	53,600	53,600	-
Insurance	2,521	2,521	-
Employee benefits	12,406	12,474	(68)
Purchased services	3,000	4,975	(1,975)
Supplies	500	290	210
Total Monitor & Compliance	<u>72,027</u>	<u>73,860</u>	<u>(1,833)</u>

HURON INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF SPECIAL EDUCATION FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
School Nurse			
Salaries	\$ 33,036	\$ 32,250	\$ 786
Insurance	14,031	13,547	484
Employee benefits	8,010	7,730	280
Purchased services	100	-	100
Supplies	1,650	1,605	45
Total School Nurse	<u>56,827</u>	<u>55,132</u>	<u>1,695</u>
General Administration:			
Salaries	58,388	58,388	-
Insurance	29,500	27,534	1,966
Employee benefits	14,154	13,938	216
Purchased services	2,850	498	2,352
Total General Administration	<u>104,892</u>	<u>100,358</u>	<u>4,534</u>
Executive Administration:			
Salaries	198,904	192,240	6,664
Insurance	74,242	63,889	10,353
Employee benefits	48,870	44,487	4,383
Purchased services	99,579	69,676	29,903
Supplies	22,600	12,345	10,255
Capital outlay	18,000	8,985	9,015
Miscellaneous	35,700	40,152	(4,452)
Total School Administration	<u>497,895</u>	<u>431,774</u>	<u>66,121</u>
Operation & Maintenance:			
Salaries	65,150	65,819	(669)
Insurance	20,557	20,620	(63)
Employee benefits	19,197	17,299	1,898
Telephone	22,000	15,052	6,948
Utilities	28,500	34,458	(5,958)
Contracted services	6,500	1,148	5,352
Insurance	21,000	18,029	2,971
Repairs & maintenance	20,000	15,963	4,037
Custodial supplies	6,500	5,075	1,425
Capital outlay	8,000	21,785	(13,785)
Total Operation & Maintenance	<u>217,404</u>	<u>215,248</u>	<u>2,156</u>

HURON INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF SPECIAL EDUCATION FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Pupil Transportation:			
Salaries	\$ 14,000	\$ 12,458	\$ 1,542
Employee benefits	225	131	94
Contracted services	77,000	81,384	(4,384)
Insurance	8,000	3,500	4,500
Repairs & maintenance	3,000	1,501	1,499
Gas, oil, & grease	2,800	4,081	(1,281)
Supplies	1,500	119	1,381
Total Pupil Transportation	<u>106,525</u>	<u>103,174</u>	<u>3,351</u>
Staff Development Grant:			
Salaries	15,571	4,769	10,802
Insurance	-	-	-
Employee benefits	7,743	6,784	959
Purchased services	11,000	10,217	783
Supplies	2,500	1,594	906
Capital outlay	-	869	(869)
Total Staff Development Grant	<u>36,814</u>	<u>24,233</u>	<u>12,581</u>
IDEA			
Salaries	20,000	19,149	851
Employee benefits	4,590	4,664	(74)
Purchased services	76,364	11,635	64,729
Supplies	14,317	715	13,602
Total IDEA	<u>115,271</u>	<u>36,163</u>	<u>79,108</u>
Other Business Services:			
Professional services	4,500	7,390	(2,890)
Technology fees	500	500	-
Tax cancellations	11,000	4,037	6,963
Total Other Business Services	<u>16,000</u>	<u>11,927</u>	<u>4,073</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORTING SERVICES	<u>3,512,828</u>	<u>3,215,025</u>	<u>297,803</u>
TOTAL EXPENDITURES	<u>5,716,359</u>	<u>5,475,837</u>	<u>240,522</u>
TRANSFERS AND OTHER PAYMENTS:			
Transfers to other districts	1,670,745	1,670,174	571
Transfers to other funds	99,035	98,735	300
TOTAL TRANSFERS AND OTHER PAYMENTS	<u>1,769,780</u>	<u>1,768,909</u>	<u>871</u>
TOTAL EXPENDITURES, TRANSFERS AND OTHER PAYMENTS	<u>\$ 7,486,139</u>	<u>\$ 7,244,746</u>	<u>\$ 241,393</u>

HURON INTERMEDIATE SCHOOL DISTRICT
CAREER TECHNICAL EDUCATION FUND -
SCHEDULE OF REVENUES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE FROM LOCAL SOURCES:			
Property Taxes	\$ 1,876,507	\$ 1,873,161	\$ (3,346)
Industrial Facilities Tax	36,215	36,215	-
Interest on Investments	11,000	17,442	6,442
Interest on Delinquent Taxes	700	706	6
Tuition	21,821	24,584	2,763
Room Rentals	12,674	17,021	4,347
Sale of Construction Technology Project	70,400	72,973	2,573
Miscellaneous	16,775	18,471	1,696
TOTAL REVENUE FROM LOCAL SOURCES	<u>2,046,092</u>	<u>2,060,573</u>	<u>14,481</u>
REVENUE FROM STATE SOURCES:			
State Aid	150,540	150,540	-
FICA Reimbursement	69,908	69,908	-
Retirement Reimbursement	78,832	78,832	-
CEPD Specialist	12,000	12,000	-
TOTAL REVENUE FROM STATE SOURCES	<u>311,280</u>	<u>311,280</u>	<u>-</u>
REVENUE FROM FEDERAL SOURCES:			
Tech Prep Grant	155,521	155,521	-
Special Needs Grant	63,137	63,137	-
Michigan Works	82,500	80,500	(2,000)
Entre. Grant	11,300	11,300	-
Homeland Security Grant	-	913	913
Staffing Grant	13,000	12,905	(95)
REVENUE FROM FEDERAL SOURCES	<u>325,458</u>	<u>324,276</u>	<u>(1,182)</u>
OTHER FINANCING SOURCES			
Transfers - Other Funds	74,470	74,470	-
Transfers - Other Districts	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>74,470</u>	<u>74,470</u>	<u>-</u>
TOTAL VOCATIONAL EDUCATION REVENUE	<u>\$ 2,757,300</u>	<u>\$ 2,770,599</u>	<u>\$ 13,299</u>

**HURON INTERMEDIATE SCHOOL DISTRICT
CAREER TECHNICAL EDUCATION FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION:			
Power Technology:			
Salaries	\$ 49,959	\$ 49,458	\$ 501
Employee benefits	13,233	12,605	628
Insurance	17,538	16,934	604
Purchased services	635	530	105
Supplies	17,165	11,702	5,463
Capital outlay	5,042	10,326	(5,284)
Total Power Technology	<u>103,572</u>	<u>101,555</u>	<u>2,017</u>
Marketing:			
Salaries	21,217	20,561	656
Employee benefits	5,142	4,911	231
Insurance	8,769	4,316	4,453
Purchased services	550	-	550
Supplies	2,683	2,305	378
Capital outlay	3,594	8,880	(5,286)
Total Marketing	<u>41,955</u>	<u>40,973</u>	<u>982</u>
Allied Health Technology:			
Salaries	61,726	60,736	990
Employee benefits	14,965	14,573	392
Insurance	17,538	16,934	604
Purchased services	1,150	-	1,150
Supplies	4,699	4,347	352
Capital outlay	599	-	599
Total Allied Health Technology	<u>100,677</u>	<u>96,590</u>	<u>4,087</u>
Child and Adult Care			
Salaries	56,931	57,861	(930)
Employee benefits	13,804	13,649	155
Insurance	20,149	17,182	2,967
Purchased services	800	62	738
Supplies	2,400	2,361	39
Capital outlay	2,705	7,991	(5,286)
Total Child and Adult Care	<u>96,789</u>	<u>99,106</u>	<u>(2,317)</u>

**HURON INTERMEDIATE SCHOOL DISTRICT
CAREER TECHNICAL EDUCATION FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION, (Continued):			
Hospitality/Food Service:			
Salaries	\$ 54,383	\$ 52,854	\$ 1,529
Employee benefits	13,176	12,715	461
Insurance	35,829	34,248	1,581
Purchased services	700	-	700
Supplies	2,400	2,144	256
Capital outlay	600	1,480	(880)
Total Hospitality/Food Service:	<u>107,088</u>	<u>103,441</u>	<u>3,647</u>
BST/Accounting and Finance:			
Salaries	34,696	33,646	1,050
Employee benefits	21,261	20,952	309
Insurance	26,307	15,538	10,769
Purchased services	3,250	2,450	800
Supplies	6,000	3,445	2,555
Capital outlay	85,604	89,314	(3,710)
Total BST/Accounting and Finance	<u>177,118</u>	<u>165,345</u>	<u>11,773</u>
Auto Technology:			
Salaries	79,728	81,038	(1,310)
Employee benefits	19,333	19,198	135
Insurance	35,851	34,292	1,559
Purchased services	3,500	1,450	2,050
Supplies	10,951	3,370	7,581
Capital outlay	8,805	17,078	(8,273)
Total Auto Technology	<u>158,168</u>	<u>156,426</u>	<u>1,742</u>
Construction/Building Technology:			
Salaries	99,331	98,211	1,120
Employee benefits	24,087	23,475	612
Insurance	35,076	33,867	1,209
Purchased services	675	-	675
Supplies	21,888	22,391	(503)
Capital outlay	65,000	63,974	1,026
Total Construction/Building Technology	<u>246,057</u>	<u>241,918</u>	<u>4,139</u>

HURON INTERMEDIATE SCHOOL DISTRICT
CAREER TECHNICAL EDUCATION FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION, (Continued):			
Drafting/Design Technology:			
Salaries	\$ 64,499	\$ 64,747	\$ (248)
Employee benefits	15,639	15,508	131
Insurance	17,538	16,934	604
Purchased services	650	485	165
Supplies	7,965	7,959	6
Capital outlay	21,106	21,106	-
Total Drafting/Design Technology	<u>127,397</u>	<u>126,739</u>	<u>658</u>
Metal Machining:			
Salaries	20,776	19,726	1,050
Employee benefits	4,908	4,570	338
Insurance	18,313	19,087	(774)
Purchased services	1,200	762	438
Supplies	13,706	6,807	6,899
Total Metal Machining	<u>58,903</u>	<u>50,952</u>	<u>7,951</u>
Cosmetology:			
Salaries	73,762	74,494	(732)
Employee benefits	17,637	17,718	(81)
Insurance	35,829	34,419	1,410
Purchased services	550	23	527
Supplies	6,750	3,981	2,769
Capital outlay	1,495	-	1,495
Total Cosmetology	<u>136,023</u>	<u>130,635</u>	<u>5,388</u>
TOTAL INSTRUCTION	<u>1,353,747</u>	<u>1,313,680</u>	<u>40,067</u>

**HURON INTERMEDIATE SCHOOL DISTRICT
CAREER TECHNICAL EDUCATION FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES:			
Career Preparation:			
Salaries	\$ 62,788	\$ 62,785	\$ 3
Employee benefits	16,294	15,390	904
Insurance	2,870	1,627	1,243
Purchased services	16,629	21,005	(4,376)
Miscellaneous	8,475	8,475	-
Total Career Preparation	<u>107,056</u>	<u>109,282</u>	<u>(2,226)</u>
Business/Building Expense:			
Salaries	66,474	66,428	46
Employee benefits	16,148	15,869	279
Insurance	25,000	23,069	1,931
Purchased services	3,300	266	3,034
Total Business/Building Expense	<u>110,922</u>	<u>105,632</u>	<u>5,290</u>
Executive Administration:			
Salaries	109,787	108,239	1,548
Insurance	62,498	60,505	1,993
Purchased services	34,400	23,399	11,001
Supplies	3,750	2,542	1,208
Capital outlay	2,000	1,662	338
Miscellaneous	7,700	8,017	(317)
Total Executive Administration	<u>220,135</u>	<u>204,364</u>	<u>15,771</u>
Office of the Principal:			
Salaries	108,212	107,813	399
Employee benefits	26,241	25,574	667
Insurance	32,872	32,084	788
Purchased services	15,700	13,702	1,998
Supplies	13,000	11,976	1,024
Miscellaneous	1,550	550	1,000
Total Office of the Principal	<u>197,575</u>	<u>191,699</u>	<u>5,876</u>

**HURON INTERMEDIATE SCHOOL DISTRICT
CAREER TECHNICAL EDUCATION FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Student Services:			
Salaries	\$ 5,509	\$ 5,509	\$ -
Employee benefits	1,257	1,251	6
Purchased services	34,500	33,743	757
Supplies	925	256	669
Total Student Services	<u>42,191</u>	<u>40,759</u>	<u>1,432</u>
Tech Prep Grant:			
Salaries	-	-	-
Employee benefits	-	-	-
Purchased services	20,000	16,022	3,978
Supplies	1,000	330	670
Capital outlay	-	-	-
Miscellaneous	99,936	99,938	(2)
Total Tech Prep Grant	<u>120,936</u>	<u>116,290</u>	<u>4,646</u>
Special Needs Support:			
Salaries	32,152	32,152	-
Employee benefits	7,795	7,795	-
Insurance	23,190	23,190	-
Total Special Needs Support	<u>63,137</u>	<u>63,137</u>	<u>-</u>
Entrepreneurship Grant			
Purchased services	625	625	-
Supplies	2,200	2,200	-
Total Entrepreneurship Grant	<u>2,825</u>	<u>2,825</u>	<u>-</u>

**HURON INTERMEDIATE SCHOOL DISTRICT
CAREER TECHNICAL EDUCATION FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Media Services:			
Salaries	\$ 98,613	\$ 98,612	\$ 1
Employee benefits	23,625	23,442	183
Insurance	39,106	37,290	1,816
Purchased services	4,700	2,532	2,168
Supplies	5,600	6,916	(1,316)
Capital outlay	2,000	-	2,000
Total Media Services	<u>173,644</u>	<u>168,792</u>	<u>4,852</u>
Operation & Maintenance:			
Salaries	101,502	100,691	811
Employee benefits	29,009	26,426	2,583
Insurance	46,322	44,782	1,540
Purchased services	202,500	180,011	22,489
Supplies	7,500	6,364	1,136
Capital outlay	22,000	27,239	(5,239)
Total Operation & Maintenance	<u>408,833</u>	<u>385,513</u>	<u>23,320</u>
Student Transportation			
Salaries	300	296	4
Employee benefits	90	72	18
Total Student Transportation	<u>390</u>	<u>368</u>	<u>22</u>
Other Program Expenses:			
Bonds	300	232	68
Building and Liability Insurance	20,000	19,151	849
Tax Abatement	6,000	1,648	4,352
Total Other Program Expenses	<u>26,300</u>	<u>21,031</u>	<u>5,269</u>
TOTAL SUPPORT SERVICES	<u>1,473,944</u>	<u>1,409,692</u>	<u>64,252</u>
TRANSFERS			
Transfers to other Districts	<u>45,497</u>	<u>45,496</u>	<u>1</u>
TOTAL EXPENDITURES	<u><u>\$ 2,873,188</u></u>	<u><u>\$ 2,768,868</u></u>	<u><u>\$ 104,320</u></u>

HURON INTERMEDIATE SCHOOL DISTRICT
ADULT EDUCATION FUND
SCHEDULE OF REVENUE
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE FROM LOCAL SOURCES:			
Tuition and Supplies	\$ 227,585	\$ 241,053	\$ 13,468
Enrichment Fees	10,500	10,029	(471)
Interest Income	10	12	2
GED Revenue	3,230	3,288	58
Miscellaneous	2,797	2,483	(314)
	<u>244,122</u>	<u>256,865</u>	<u>12,743</u>
TOTAL REVENUE FROM LOCAL SOURCES			
REVENUE FROM STATE SOURCES:			
Michigan Works - Staffing Grant			-
Adult Members	15,889	15,376	(513)
Retirement	6,345	6,314	(31)
Alternative Education	5,998	5,998	-
FICA Reimbursement	3,635	3,635	-
	<u>31,867</u>	<u>31,323</u>	<u>(544)</u>
TOTAL REVENUE FROM STATE SOURCES			
REVENUE FROM FEDERAL SOURCES:			
Family Literacy	13,600	6,800	(6,800)
Strong Families & Safe Children	14,823	15,663	840
WIA Youth	62,600	62,600	-
Michigan Works - Staffing Grant	219,000	219,626	626
Strong Families & Safe Children	15,000	15,000	-
	<u>325,023</u>	<u>319,689</u>	<u>(5,334)</u>
TOTAL REVENUE FROM FEDERAL SOURCES			
TOTAL REVENUE	<u>\$ 601,012</u>	<u>\$ 607,877</u>	<u>\$ 6,865</u>

HURON INTERMEDIATE SCHOOL DISTRICT
ADULT EDUCATION FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION:			
ABE Daytime:			
Salaries	\$ 4,840	\$ 4,282	\$ 558
Employee benefits	1,160	1,024	136
Total ABE Daytime	<u>6,000</u>	<u>5,306</u>	<u>694</u>
English I:			
Salaries	814	814	-
Employee benefits	197	195	2
Supplies	226	228	(2)
Total English I	<u>1,238</u>	<u>1,237</u>	<u>0</u>
General Math I:			
Salaries	751	751	-
Employee benefits	182	180	2
Supplies	209	211	(2)
Total General Math I	<u>1,142</u>	<u>1,142</u>	<u>0</u>
Pre-Algebra:			
Salaries	344	344	-
Employee benefits	83	83	1
Supplies	96	96	(1)
Total Pre-Algebra	<u>524</u>	<u>524</u>	<u>0</u>
Life Skills:			
Salaries	358	358	-
Employee benefits	87	86	1
Supplies	99	100	(1)
Total Life Skills	<u>544</u>	<u>544</u>	<u>0</u>

HURON INTERMEDIATE SCHOOL DISTRICT
ADULT EDUCATION FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION, (Continued):			
Science:			
Salaries	\$ 1,118	\$ 1,118	-
Employee benefits	271	268	\$ 3
Supplies	311	313	(3)
Total Science	<u>1,700</u>	<u>1,700</u>	<u>0</u>
American Government:			
Salaries	939	939	-
Employee benefits	228	225	2
Supplies	261	263	(2)
Total American Government	<u>1,428</u>	<u>1,428</u>	<u>0</u>
Office Occupations:			
Salaries	148	148	-
Employee benefits	36	35	0
Supplies	41	41	(0)
Total Office Occupations	<u>224</u>	<u>224</u>	<u>0</u>
Adult Enrichment:			
Salaries	5,200	5,189	11
Employee benefits	1,270	1,252	18
Purchased services	7,280	2,248	5,032
Supplies	750	645	105
Total Adult Enrichment	<u>14,500</u>	<u>9,334</u>	<u>5,166</u>

HURON INTERMEDIATE SCHOOL DISTRICT
ADULT EDUCATION FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION, (Continued):			
GED:			
Salaries	\$ 7,000	\$ 7,425	\$ (425)
Employee benefits	1,700	1,791	(91)
Purchased services	125	23	102
Supplies	1,000	116	884
Miscellaneous	175	145	30
Total GED	<u>10,000</u>	<u>9,500</u>	<u>500</u>
Alternative Education:			
Salaries	138,127	131,236	6,891
Employee benefits	33,461	34,217	(756)
Insurance	45,575	42,680	2,895
Purchased services	6,881	4,600	2,281
Supplies	4,800	6,335	(1,535)
Total Alternative Education	<u>228,844</u>	<u>219,068</u>	<u>9,776</u>
TOTAL INSTRUCTION	<u>266,144</u>	<u>250,007</u>	<u>16,137</u>
SUPPORTING SERVICES:			
Administration:			
Salaries	16,545	15,426	1,119
Employee benefits	3,648	3,088	560
Purchased services	270	263	7
Supplies	400	1	399
Miscellaneous	1,900	1,863	37
Total Administration	<u>22,763</u>	<u>20,641</u>	<u>2,122</u>

**HURON INTERMEDIATE SCHOOL DISTRICT
ADULT EDUCATION FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
FIA Counseling Grant:			
Salaries	\$ 18,296	\$ 18,296	-
Employee benefits	11,352	11,527	\$ (175)
Purchased services	175	-	175
	<u>29,823</u>	<u>29,823</u>	<u>-</u>
Total FIA Counseling Grant			
Thumb Area Service Centers:			
Salaries	118,876	119,186	(310)
Employee benefits	27,158	27,901	(743)
Insurance	72,966	72,677	289
	<u>219,000</u>	<u>219,764</u>	<u>(764)</u>
Total Thumb Area Service Centers			
Career Pathway:			
Salaries	29,006	29,632	(626)
Employee benefits	5,133	5,330	(197)
Purchased services	19,808	21,007	(1,199)
Supplies	10,346	6,328	4,018
Miscellaneous	304	303	1
	<u>64,597</u>	<u>62,600</u>	<u>1,997</u>
Total Career Pathway			
TOTAL SUPPORTING SERVICES	<u>336,183</u>	<u>332,828</u>	<u>3,355</u>
TOTAL EXPENDITURES	<u>\$ 602,327</u>	<u>\$ 582,835</u>	<u>\$ 19,492</u>

HURON INTERMEDIATE SCHOOL DISTRICT
ALL AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN
ASSETS & LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>BALANCE</u> <u>JULY 1, 2005</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2006</u>
<u>STUDENT ACTIVITY FUND</u>				
ASSETS				
Cash & cash equivalent investments	<u>\$ 42,612</u>	<u>\$ 160,310</u>	<u>\$ 146,635</u>	<u>\$ 56,287</u>
LIABILITIES				
Due to school groups & General Fund	<u>\$ 42,612</u>	<u>\$ 160,310</u>	<u>\$ 146,635</u>	<u>\$ 56,287</u>

HURON INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF BONDED DEBT - DURANT BOND
June 30, 2006

\$594,168 Durant Bond issued November 24, 1998:

PRINCIPAL DUE MAY 15	INTEREST DUE MAY 15	DEBT SERVICE REQUIREMENT FOR FISCAL YEAR	
		JUNE 30	AMOUNT
\$ 30,122	\$ 11,595	2007	\$ 41,717
138,871	58,024	2008	196,895
33,067	8,658	2009	41,725
34,640	7,083	2010	41,723
36,290	5,434	2011	41,724
38,015	3,706	2012	41,721
39,824	1,897	2013	41,721
<hr/>			<hr/>
\$ 350,829	\$ 96,397		\$ 447,226

The above bond issue bears interest at 4.76%. The bond proceeds were used for erecting, furnishing and equipping additions to the existing school buildings and developing and improving the site.

This bond, including the interest hereon, is issued in anticipation of payments appropriated and to be appropriated by the State under Section 11g(3) of Act 94 to the School District (the "State Aid Payments"). The School District hereby pledges and assigns to the Authority all of its rights to and in such State Aid payments as security for this bond and the State Aid Payments which are hereby pledged shall be subject to a statutory lien in favor of the Authority as authorized by Act 94. This bond is a self-liquidating bond and is not a general obligation of the School District and does not constitute an indebtedness of the School District within any constitutional or statutory limitation, and is payable both as to principal and interest, solely from such State Aid Payments. The School District, as requested by the Authority, hereby irrevocably authorizes the payment of the State Aid Payments directly to the Authority's Depository.

HURON INTERMEDIATE SCHOOL DISTRICT

ADDITIONAL REPORTS REQUIRED
BY OMB CIRCULAR A-133

YEAR ENDED JUNE 30, 2006

CONTENTS

	<u>Page Number</u>
<i>Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards</i>	1
<i>Report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.</i>	2 & 3
<i>Schedule of Expenditures Of Federal Awards</i>	4 - 7
<i>Notes to Schedule of Expenditures of Federal Awards</i>	8 & 9
<i>Schedule of Findings and Questioned Costs</i>	10
<i>Schedule of Prior Audit Findings</i>	11

Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA

September 8, 2006

Robert L. Tuckey, CPA
Valerie Jamieson Hartel, CPA
Jamie L. Peasley, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education
Huron Intermediate School District
Bad Axe, MI 48413

We have audited the financial statements of Huron Intermediate School District as of and for the year ended June 30, 2006, and have issued our report thereon dated September 8, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Huron Intermediate School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Huron Intermediate School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the board of education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Anderson, Tuckey, Bernhardt & Doran, P.C.

**ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS**



Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA

Robert L. Tuckey, CPA
Valerie Jamieson Hartel, CPA
Jamie L. Peasley, CPA

September 8, 2006

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education
Huron Intermediate School District
Bad Axe, MI 48413

COMPLIANCE

We have audited the compliance of Huron Intermediate School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Huron Intermediate School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Huron Intermediate School District's management. Our responsibility is to express an opinion on Huron Intermediate School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Huron Intermediate School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Huron Intermediate School District's compliance with those requirements.

In our opinion, Huron Intermediate School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

To the Board of Education
September 8, 2006

INTERNAL CONTROL OVER COMPLIANCE

The management of Huron Intermediate School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Huron Intermediate School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Huron Intermediate School District as of and for the year ended June 30, 2006, and have issued our report thereon dated September 8, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Huron Intermediate School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the board of education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tuckey, Bernhardt & Doran, P.C.

**ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS**

HURON INTERMEDIATE SCHOOL DISTRICT, BAD AXE, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 6/30/2005	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2006
U.S. DEPARTMENT OF EDUCATION: Passed through Michigan Dept. of Education: Title V Title V	84.298	0502500405 0602500506	\$ 3,426 2,803 6,229	\$ 1,879 1,879	\$ 3,426	\$ 1,879 2,600 4,479	\$ 2,803 2,803	\$ - 203 203
	84.027 *	0504500405 0604500506 060480 050490CB 060490TS 050490TS	1,100,888 1,116,051 45,000 12,707 60,000 60,000 2,394,646	659,871 6,269 8,620 674,760	1,084,596 12,707 60,000 1,157,303	676,163 753,277 45,000 6,269 60,000 8,620 1,549,329	16,292 1,116,051 45,000 60,000 1,237,343	- 362,774 - - - - 362,774
	84.173 *	0604600506 0504600405	54,036 55,149 109,185	28,895 28,895	55,149 55,149	54,036 28,895 82,931	54,036 54,036	- - -
Infant/Toddler	84.181	041340190 061340190 051340190	67,186 67,215 68,537 202,938	1,497 22,368 23,885	16,976 54,011 70,987	1,497 39,873 36,914 78,284	 67,215 14,526 81,741	- 27,342 - 27,342
	84.048		11,300 11,300				11,300 11,300	11,300 11,300
	84.367	0505200506 0605200506	448 272 720	- - -	- - -	448 272 720	448 272 720	- - -

HURON INTERMEDIATE SCHOOL DISTRICT, BAD AXE, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 6/30/2005	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2006
U.S. DEPARTMENT OF EDUCATION, (Continued): Passed through Michigan Dept. of Education:								
Vocational Education	84.243							
Tech Prep		43540401411	\$ 149,006	\$ 149,006		\$ 149,006		-
Tech Prep		063540501411	131,647	75,405	\$ 131,647	75,405		-
Tech Prep		063540601411	136,477	-		91,709	\$ 136,477	\$ 44,768
Safe and Drug Free Schools	84.184							
Community Service Grant		0426000CS03	93,750	88,252	93,750	88,252		-
			510,880	312,663	225,397	404,372	136,477	44,768
Passed through U.S. Department of Education								
Rural School Achievement	84.358	5358A056309	19,612	-	-	19,612	19,612	-
Passed through Michigan Dept. of Labor & Economic Growth								
Energy Smart Schools	84.119	PLA-05-70	6,500	-	-	4,578	6,500	1,922
Passed through Lapeer Intermediate School District:								
Family Literacy Grant	84.002	511084	8,500	8,500	8,500	8,500	6,800	-
Family Literacy Grant			6,800					6,800
Passed through Sanilac Intermediate School District:								
Special Needs	84.048	063520601211	63,137			34,285	63,137	28,852
Special Needs		501211	64,542	10,233	64,542	10,233		-
Passed through Marquette - Alger								
CSPD Grant	84.027 *	0504701D33	9,650	9,650	9,650	9,650		-
Passed through Grand Valley University:								
B.E.S.T. Practice Grant	84.027 *		5,000			5,000	5,000	-
RCN Autism	84.027 *		34,100			30,690	34,100	3,410
Passed through Saginaw ISD:								
Reading First	84.357	07183001238	17,779	7,675	14,479	10,975	3,300	-
			10,395			4,648	10,395	5,747
			219,903	36,058	97,171	113,981	122,732	44,809
			3,481,913	1,078,140	1,609,433	2,258,286	1,673,264	493,118
TOTAL U.S. DEPARTMENT OF EDUCATION								

* = Cluster

HURON INTERMEDIATE SCHOOL DISTRICT, BAD AXE, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 6/30/2005	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2006
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES:								
Passed through Michigan Family Independence Agency:								
Strong Families/Safe Children	93.556	SFSC03-32008-3	\$ 14,823	\$ 5,355	\$ 10,220	\$ 9,958	\$ 4,603	\$ -
Strong Families/Safe Children		SFSC06-32004	15,000			9,660	11,060	1,400
Strong Families/Safe Children		SFSC02-32001-4	14,999	5,148	14,999	5,148		-
Strong Families/Safe Children		SFSC-02-32002-4	10,000	3,403	10,000	3,403		-
Strong Families/Safe Children		SFSC-06-32003	10,000			8,333	10,000	1,667
Strong Families/Safe Children		SFSC02-32004	15,000			13,333	15,000	1,667
Total Passed Through Michigan Family Independence Agency			79,822	13,906	35,219	49,835	40,663	4,734
Passed through Michigan Department of Social Services:								
Medicaid	93.778		6,716			6,716	6,716	-
Transportation - School Based Services								
Medicaid	93.558		41,788			41,788	41,788	-
Outreach								
Passed through Thumb Area Michigan Works								
Temporary Assistance - 2005	93.558		36,016	8,468	36,016	8,468	-	-
Temporary Assistance - 2006			88,197	-	-	63,181	88,197	25,016
			124,213	8,468	36,016	71,649	88,197	25,016
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			252,539	22,374	71,235	169,988	177,364	29,750
U.S. DEPARTMENT OF HOMELAND SECURITY:								
Passed through Michigan Department of State Police								
Equipment Grant	97.004		2,640			2,640	2,640	-

HURON INTERMEDIATE SCHOOL DISTRICT, BAD AXE, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS- THROUGH GRANTOR'S NUMBER</u>	<u>AWARD AMOUNT</u>	<u>ACCRUED (DEFERRED) REVENUE 6/30/2005</u>	<u>(MEMO ONLY) PRIOR YEAR EXPENDITURES</u>	<u>CURRENT YEAR RECEIPTS</u>	<u>CURRENT YEAR EXPENDITURES</u>	<u>ACCRUED (DEFERRED) REVENUE 6/30/2006</u>
U.S. DEPARTMENT OF LABOR:								
Passed through Thumb Area Michigan Works:								
WIA Youth Activities - 2005 Camp	17.259	**	\$ 50,000	\$ 2,400	\$ 12,400	\$ 40,000	\$ 37,600	-
WIA Youth Activities - 2005		TAMW	42,238	(7,161)	21,170	(7,161)	-	-
WIA Youth Activities - 2006 Camp		TAMW	25,000			25,000	25,000	-
WIA Youth 2006 - Career Prep			82,500			73,329	82,500	\$ 9,171
Reed Act - 2005	84.002		35,889	8,438	35,889	8,438	-	-
Employment Service - 2005	17.207		55,898	13,142	55,898	13,142	-	-
WIA Adult	17.258	**	39,436	9,272	39,436	9,272	-	-
WIA Youth	17.259	**		-				-
Dislocated Worker	17.260	**		-				-
Reed Act - 2006	84.002		12,240	-	-	12,240	12,240	-
WIA Youth Pathways	17.259	**	80,992	12,633	80,992	12,633	-	-
WIA Adult - 2006	17.258	**	36,431	-	-	36,431	36,431	-
WIA Youth Activities - 2006	17.259	**	8,016	-	-	8,016	8,016	-
Dislocated Worker - 2006	17.260	**	15,537	-	-	15,537	15,537	-
Employment Service - 2006	17.207		77,206	-	-	55,306	77,206	21,900
TOTAL U.S. DEPARTMENT OF LABOR			<u>484,177</u>	<u>38,724</u>	<u>245,785</u>	<u>302,183</u>	<u>294,530</u>	<u>31,071</u>
U.S. DEPARTMENT OF AGRICULTURAL								
Food Stamp Program	10.561		125	-	-	125	125	-
GRAND TOTAL			<u>\$ 4,221,394</u>	<u>\$ 1,139,238</u>	<u>\$ 1,926,453</u>	<u>\$ 2,733,222</u>	<u>\$ 2,147,923</u>	<u>\$ 553,939</u>

** = Cluster

The accompanying notes are an integral part of this schedule.

HURON INTERMEDIATE SCHOOL DISTRICT, BAD AXE, MICHIGAN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

<u>PASS-THROUGH GRANTEE</u>	<u>CFDA NUMBER</u>	<u>STATE PASS-THROUGH NUMBER</u>	<u>CURRENT YEAR PASS-THROUGH</u>
<u>VOCATIONAL ED TECH PREP:</u>	84.243	053540501411	
Lapeer Intermediate			\$ 28,634
Sanilac Intermediate			26,505
Tuscola Intermediate			39,799
			<u>\$ 94,938</u>
<u>IDEA HANDICAPPED PRESCHOOL & SCHOOL PROGRAM:</u>	84.027	050450/0405	
Bad Axe			\$ 10,000
Caseville			5,000
Elkton-Pigeon-Bay Port			5,000
Harbor Beach			5,000
North Huron			5,000
Owendale-Gagetown			5,000
Port Hope			5,000
Ubly			5,000
			<u>\$ 45,000</u>
<u>ENTREPRENEURSHIP GRANT</u>	84.048	04326050166	
Lapeer Intermediate			\$ 1,872
Sanilac Intermediate			2,825
Tuscola Intermediate			3,778
			<u>\$ 8,475</u>
<u>MEDICAID OUTREACH</u>	93.558		
Bad Axe			\$ 6,171
Caseville			1,054
Harbor Beach			3,229
Elkton-Pigeon-Bay Port			5,539
North Huron			2,166
Owendale-Gagetown			(44)
Port Hope			952
Ubly			3,954
			<u>\$ 23,021</u>

HURON INTERMEDIATE SCHOOL DISTRICT, BAD AXE, MICHIGAN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Huron Intermediate School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. IDEA 94-142, CFDA #84.027 & 84.173 was audited as a major program and represent 61.9% of expenditures.
2. The threshold for distinguishing Type A and B programs was \$300,000.
3. Expenditures on this schedule reconcile with amounts reported in the financial statements and financial reports submitted to the Michigan Department of Education.
4. Management has utilized the R7120, Grant Section Auditors' Report, in preparing the schedule of expenditures of federal awards.
5. The amounts reported on the Receipt Entitlement Balance Report agree with this schedule for USDA donated food commodities.

NOTE 3 – RECONCILIATION OF FEDERAL REVENUE

The current year expenditures on the Schedule of Expenditures of Federal Awards agrees to the federal revenue reported in the financial statements, as follows:

Federal revenue per financial statements	\$2,542,886
Plus: Revenues recorded as deferred revenue-	
Didn't meet accrual criteria at 6/30/05:	
Special Ed - Early On	(22,389)
Special Ed – 94-142	(353,530)
Vocational Ed – Tech Prep	<u>(19,044)</u>
Reconciled financial statement balance	<u>\$2,147,923</u>
Federal expenditures per Schedule of Federal Awards	<u>\$2,147,923</u>

HURON INTERMEDIATE SCHOOL DISTRICT, BAD AXE, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified: _____ Yes X No
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified: _____ Yes X No
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027 & 84.173 Cluster	IDEA 94-142 Program

Dollar threshold used to distinguish between type A and Type B Programs: \$300,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

HURON INTERMEDIATE SCHOOL DISTRICT, BAD AXE, MICHIGAN
SCHEDULE OF PRIOR AUDIT FINDINGS

There were no prior year audit findings for the year ended June 30, 2005.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA

Robert L. Tuckey, CPA
Valerie Jamieson Hartel, CPA
Jamie L. Peasley, CPA

September 8, 2006

To the Board of Education
Huron Intermediate School District
Bad Axe, MI 49031-9648

In planning and performing our audit of the financial statements of Huron Intermediate School District for the year ended June 30, 2006, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The comments and suggestions regarding those matters follow. This letter does not affect our report dated September 8, 2006, on the financial statements of Huron Intermediate School District.

Time Certifications

OMB Circular A-87 requires that the district complete time certifications semi-annually for all employees who work solely on a single federal award or cost objective. Although we were advised by the district that the cost certifications had been completed, the actual documents could not be located.

We recommend that the district continue to have the time certifications prepared and a copy available for inspection for the year-end audit.

Operating Efficiency

As part of our risk assessment analysis, we surveyed several school district employees asking them to comment on the integrity of the district, their understanding of fraud risks and any other matters they would like to address. We are happy to report that all employees surveyed had a very positive impression of the district's integrity and values. One issue of concern that was apparent, however, was the timeliness and accuracy of the financial information that is being generated. It is apparent that administrators are not given up to date financial statements in a timely fashion. This makes it very difficult to monitor budgets and make sound business decisions. We understand that steps have already been taken to correct this situation.

Federal Projects

As part of our compliance audit for the district's various federal projects, we noted that there were several expenditure accounts that did not match the budget for the IDEA Flowthrough programs. In addition, it appeared that several of the expenditure accounts had been adjusted at year-end to match the budget. We did determine however, that all employees who were charged to the IDEA Flowthrough programs were special education personnel performing allowable services.

We recommend that actual expenditures be compared on a regular basis with the project budget. In addition, charges to these projects should be done contemporaneously and be based on the approved budget.

Budget Enforcement by the Michigan Department of Education

The Michigan Department of Education is changing their enforcement and monitoring of budget violations. They are currently focusing on total expenditures violations that exceed 1% of the total expenditures budget and total other financing uses that exceed 1% of the total other financing uses budget. The Department of Education will be issuing letter to school board presidents, the superintendent and the chief business official when they identify these types of violations.

Currently identified violations of the Act include, but are not limited to:

- Incurring expenditures in excess of the appropriation approved by the school board (Overspending your budget by line item).
- Ending the fiscal year with a deficit (negative fund balance).
- Adopting a budget that, when implemented, would put the district in a deficit.

The Department is currently reviewing their interpretation of Section 17(2). This would be a situation where a district's actual revenues were less than budgeted revenues and, at the same time, depleted the district fund balance, beyond what was approved in total by the school board.

Page 24 of the financial statements discloses a budget violation in the Special Education Fund.

We recommend you continue to review your current budget and actual expenditures during the year and make amendments where appropriate.

Cash Management – Federal Awards

The Michigan Department of Education has recently been notified that it, along with all other states, has misinterpreted the advance provision of the Cash Management Improvement Act (CMIA). The United States Department of Education started monitoring and auditing CMIA compliance and is notifying sub-recipients that advances are limited to three days cash needs. In other words, funds must be spent by the district within 72 hours of being drawn down from the USDE GAPS system. Because of this new awareness, the department will no longer allow 30-day cash advances for ongoing programs during fiscal year 2006/2007. Thirty-day cash advances may be permitted for new one-time federal grant programs at the discretion of program management.

We recommend the District request funds on a reimbursement basis in order to ensure compliance with the revised cash management interpretation.

New Auditing Standards

Recently, 10 new auditing standards have been released and will become effective over the District's next two fiscal years. In reviewing the new standards, we do not believe, for the most part, they will have a significant impact on our overall audit approach. However, two of the new standards may directly impact the District beginning with the June 30, 2007 year-end.

One of the new standards revises the dating of the auditors' report. Under the old standards, the auditors' report was dated the last day of fieldwork. The new standards define the date as the date adequate audit evidence is obtained. Adequate audit evidence is now being interpreted as including the client's approval of draft financial statements. Although the dating of the report may seem trivial to non-auditors, it does have an impact on auditors' subsequent events work (June 30 through date of auditors' report). The impact to the District could be if there was a long period of time needed to resolve certain open issues. This would extend the dating of the auditors' report and increase the amount of work we need to complete our subsequent events work.

Another standard effective for the June 30, 2007 year-end is related to our communications with the client. The new standard retained the definition of a "material weakness" and added two new categories of deficiencies, "significant deficiency" and "control deficiency". Certain situations were included as examples of strong indicators of significant deficiencies and possibly material weaknesses. One of the situations is the client is unable to write financial statements, including the footnotes, in accordance with generally accepted accounting principles. Historically, we have prepared the financial statements and footnotes for the District. We will have to evaluate the District's ability to produce appropriate financial statements and footnotes and, accordingly, if any control deficiencies exist.

To the Board of Education
Huron Intermediate School District

September 8, 2006
Page four

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various schools district personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the Huron Intermediate School District, management and others within the administration and is not intended to be and should not be used by anyone other than these specified parties

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Anderson, Tuckey, Bernhardt & Doran, P.C.

**ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS**